

PREPARED BY: Clinton Verner
 DATE PREPARED: February 8, 2022
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LB 1025

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$450,000,000			
OTHER FUNDS				
TOTAL FUNDS	\$450,000,000			

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB1025 appropriates \$450 million of ARPA funds to the Department of Economic Development for the creation of the North Omaha Recovery Grant Program and sets eligibility for grant recipients.

DED estimates expenditures of \$45,080 in FY21-22, \$33,704,920 in FY22-23 and \$67,500,000 in FY23-34. DED estimates that this will require the creation of a new program within DED housed in Omaha with 39 FTEs. For reference, the current total appropriation for DED for FY22-23 is \$122,172,595. As such, we believe DED’s estimates are reasonable. However, the appropriation provided in the bill is for FY22-23.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1025	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Patrick Redmond	DATE: 2/9/2022	PHONE: (402) 471-4181	
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 1025 appears reasonable.			

Estimate Provided by Agency or Political Subdivision

State Agency OR Political Subdivision Name:		Dept. of Economic Development				
Approved by: Dave Dearthmont		Date Prepared: 1/12/2022		Phone: 471-3777		
	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds						
Cash Funds						
Federal Funds	\$45,080		\$33,704,920		\$67,500,000	
Other Funds						
Total Funds	\$45,080		\$33,704,920		\$67,500,000	

Explanation of Estimate:

LB1025 seeks to appropriate \$450 million of federal ARPA funds to the Department of Economic Development to create the North Omaha Recovery Grant Program to provide funding to public and private entities to respond to the negative impact of the COVID-19 public health emergency. The allocation is to be from federal funds allocated to the State of Nebraska from the federal Coronavirus State Fiscal Recovery Fund pursuant to the federal American Rescue Plan Act of 2021. As such, DED must coordinate and administer the two programs in compliance with the federal American Rescue Plan Act of 2021 and the relevant federal statutes and regulations.

LB1025 would result in numerous additional responsibilities for DED. DED would need to develop, implement, and provide the monitoring necessarily required to comply with federal statutes and regulations related to the provision of grants to an unspecified group and undeterminable number of both beneficiaries and subrecipients. This would require adequate staffing and infrastructure to support the program throughout the grant program’s lifecycle. The grant program developed under LB1025 would require appropriate staffing and infrastructure to support the grant program through at least 12/31/27, and potentially record retention support through 12/31/31. The bill contains the emergency clause and takes effect when passed and approved according to law. For purposes of this fiscal note, DED assumes that the funds become available in FY2021 - 22.

Based on the staffing levels of current housing and business development programs adjusted for the total size of the grants, it is estimated that the department will require approximately 39 FTE to administer the provisions of LB1225 through the life of the ARPA program. DED assumes that the administration of the bill would require the creation of a new program within DED, housed in Omaha. Staffing includes an Economic Development Division Administrator; an Attorney III and three Attorney II’s, to produce grant contracts and review grants for ARPA qualification; three Economic Development Business Consultant III’s, and nine Economic Development Business Consultant I’s, to manage grants; three Internal Auditor to monitor the sub-recipients among the grantees; and three Federal Aid Administrator III’s and three IT Business Systems Analysts to assist grantees with the grant management system, record keeping, and making payments to grantees. The bill contains the emergency clause, and DED assumes that the division administrator and Attorney III can be hired before the end of FY2021-22.

The department anticipates that \$450 million in grants will be distributed on a cost reimbursement basis, and will be distributed roughly 7.5%, 15%, 35%, 35%, and 7.5% in FY2022-23 through FY2026-27, respectively. The operating costs will include annual payments for software licensing for the grant management software of \$511,500, and additional rent of \$103,600, beginning in FY2022-23. Operating costs in FY2022-23 include the cost of a vehicle.

Major Objects of Expenditure

Class Code	Classification Title	21-22	22-23	23-24	21-22	22-23	23-24
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
G49550	Economic Development Div. Administrator	0.10	1.00	1.00	\$8,030	\$82,250	\$84,310
G3113	Attorney III	0.10	1.00	1.00	8,380	85,840	87,990
G3112	Attorney II	0.00	1.50	3.00	0	104,110	213,420
A49011	Economic Dev. Bus. Consultant I	0.00	10.00	16.00	0	580,600	952,180
G21200	Internal Auditor	0.00	1.50	3.00	0	106,770	218,870
A19613	Federal Aid Administrator III	0.00	2.25	3.00	0	143,460	196,070
A07081	IT Business Systems Analyst	0.00	2.25	3.00	0	139,530	190,690
A49011	Economic Dev. Bus. Consultant III	0.00	6.75	9.00	0	452,900	618,960
	Total	0.20	26.25	39.00	\$16,410	\$1,695,460	\$2,562,490
Benefits.....					6,560	678,180	1,025,000
Operating Costs...(Includes rent).....					3,280	956,490	1,131,000
Travel...(Includes a vehicle).....					1,630	219,550	256,250
Capital Outlay.....					17,200	240,800	77,400
Aid.....					0	29,914,440	62,447,860
Capital Improvements.....							
Total.....					\$45,080	\$33,704,920	\$67,500,000